

State of Alaska FY2003 Governor's Operating Budget

Department of Community & Economic Development Alaska Industrial Development and Export Authority Component Budget Summary

Component: Alaska Industrial Development and Export Authority

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Component Mission

The mission of the Alaska Industrial Development and Export Authority (AIDEA) is to create jobs through statewide economic development and statewide diversification.

Component Services Provided

AIDEA acts as an economic development catalyst by providing capital at a reasonable cost for Alaskan businesses, with emphasis on projects that create new jobs and economic activity in the private sector. AIDEA is a primary source of secondary financing in the state for business loans made by financial institutions. The loans are serviced by the banks, thereby limiting staffing requirements at AIDEA. The Authority can also own and operate specific development projects that enhance the economy of the state and support private sector investment. The Authority also acts as a conduit for the issuance of both taxable and tax-exempt bonds for specific business development projects. For small businesses, AIDEA has a Business and Export Assistance program, which provides loan guarantees, with particular emphasis on businesses in rural Alaska.

Bonds sold for AIDEA owned projects do not carry the expressed moral obligation of the state of Alaska. AIDEA bonds are either general obligations of AIDEA or are backed by the revenue produced by a specific AIDEA owned project.

AIDEA provides all staffing for Alaska Energy Authority (AEA). This encompasses (1) the oversight of the operations and maintenance of all AEA owned power projects, (2) the management and staffing of AEA's Rural and Alternative Energy Programs, (3) the administration of the Power Cost Equalization (PCE) Program, and (4) the administration of the Circuit Rider Program.

Component Goals and Strategies

To stimulate economic development and diversification.

1. Provide business financing assistance throughout Alaska through AIDEA's credit programs by participating in or guaranteeing bank originated loans.
2. Continue to develop, operate and maintain AIDEA owned development projects that support private sector investment and create or maintain jobs for Alaskans.
3. Continue to provide conduit financing for the issuance of both taxable and tax-exempt bonds for specific business development projects in Alaska.

Key Component Issues for FY2002 – 2003

Provide technical assistance and financing to help businesses diversify the economy in Alaska.

Provide \$30 million in long-term financing for businesses throughout Alaska by purchasing up to 80% of bank originated loans.

Begin sustained production of Alaska's first seafood manufacturing facility.

Resolve issues surrounding future usage of Healy Clean Coal Project.

Major Component Accomplishments in 2001

Provided a \$18.5 million dividend to the State General Fund in FY2001 and will provide a \$17.5 million dividend in FY2002.

Purchased approximately \$9.9 million in loan participations originated through financial institutions for businesses and projects in Alaska, helping to expand Alaska's economic base and create jobs in Alaska. At June 30, 2001, had approved loan participation purchase commitments for an additional \$18 million.

Issued \$16.1 million in conduit financing for private sector and non-profit projects.

Helped the Alaska Seafood International manufacturing facility (ASI) owners negotiate an organizational restructuring to provide operating capital and a new owner-operator. ASI is restarting operations and is processing orders. In full production, ASI will provide 450 year-round manufacturing jobs, result in hundreds of indirect jobs, and stimulate the local economies of fishing communities by providing a reliable market for their product.

Oversight of the Healy Clean Coal Project (HCCP) was transferred to Golden Valley Electric Association (GVEA) under a settlement agreement during the prior year. The settlement agreement ended two years of litigation between AIDEA and GVEA. During this post-settlement period, AIDEA and GVEA are exploring financing alternatives to complete a retrofit of the Project, to allow the resumption of power generation.

Continued to work with Cominco Alaska and the U.S. Corp of Engineers to study the potential feasibility of a deep water port at the DeLong Mountain Transportation facility (DMTS), the road and port serving the Red Dog Mine. The Red Dog Mine and the DMTS provide approximately 485 permanent full-time jobs in the NW Arctic Borough.

Statutory and Regulatory Authority

AS 44.88
3 AAC 99

Alaska Industrial Development and Export Authority

Component Financial Summary

All dollars in thousands

	FY2001 Actuals	FY2002 Authorized	FY2003 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	3,615.7	4,299.9	4,665.5
72000 Travel	29.6	68.2	68.2
73000 Contractual	1,197.4	1,519.4	1,574.4
74000 Supplies	33.2	38.9	38.9
75000 Equipment	67.9	15.5	15.5
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	4,943.8	5,941.9	6,362.5
Funding Sources:			
1007 Inter-Agency Receipts	1,661.8	2,063.6	2,391.9
1102 Alaska Industrial Development & Export Authority Receipts	3,282.0	3,878.3	3,970.6
Funding Totals	4,943.8	5,941.9	6,362.5

Estimated Revenue Collections

Description	Master Revenue Account	FY2001 Actuals	FY2002 Authorized	FY2002 Cash Estimate	FY2003 Governor	FY2004 Forecast
Unrestricted Revenues						
None.		0.0	0.0	0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0	0.0	0.0
Restricted Revenues						
Interagency Receipts	51015	1,661.8	2,063.6	2,063.6	2,391.9	2,391.9
AK Industrial Dev. Export Auth. Receipts	51406	3,282.0	3,878.3	3,878.3	3,970.6	3,970.6
Restricted Total		4,943.8	5,941.9	5,941.9	6,362.5	6,362.5
Total Estimated Revenues		4,943.8	5,941.9	5,941.9	6,362.5	6,362.5

Alaska Industrial Development and Export Authority**Proposed Changes in Levels of Service for FY2003**

AIDEA requests an increment in personal services to hire three CIP positions. The funding source is I/A receipts from the Alaska Energy Authority (AEA). These positions are needed due to the increase of Denali Commission funded projects managed by AEA rural energy operations.

Summary of Component Budget Changes**From FY2002 Authorized to FY2003 Governor***All dollars in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2002 Authorized	0.0	0.0	5,941.9	5,941.9
Adjustments which will continue current level of service:				
-Year 3 Labor Costs - Net Change from FY2002	0.0	0.0	180.6	180.6
Proposed budget increases:				
-Bulk Fuel and Rural Power Systems Projects	0.0	0.0	240.0	240.0
FY2003 Governor	0.0	0.0	6,362.5	6,362.5

Alaska Industrial Development and Export Authority

Personal Services Information

	Authorized Positions		Personal Services Costs	
	<u>FY2002</u> <u>Authorized</u>	<u>FY2003</u> <u>Governor</u>		
Full-time	62	65	Annual Salaries	3,503,978
Part-time	0	0	COLA	126,692
Nonpermanent	0	0	Premium Pay	47,465
			Annual Benefits	1,187,890
			Less 4.12% Vacancy Factor	(200,525)
			Lump Sum Premium Pay	0
Totals	62	65	Total Personal Services	4,665,500

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accountant	5	0	0	0	5
Accounting Technician	5	0	0	0	5
Admin Assistant	1	0	0	0	1
Administrative Assistant	3	0	0	0	3
Administrative Clerk II	1	0	0	0	1
Contracts Administrator I	1	0	0	0	1
Dep Dir/Project Dev/Operations	1	0	0	0	1
Deputy Director	1	0	0	0	1
Deputy Director Bus Dev	1	0	0	0	1
Deputy Director Credit	1	0	0	0	1
Deputy Director Finance	1	0	0	0	1
Development Spec I	1	0	0	0	1
Development Specialist II	3	0	0	0	3
Drafting Technician III	1	0	0	0	1
Engineering Assistant III	1	0	0	0	1
Executive Director	1	0	0	0	1
Finance Assistant	3	0	0	0	3
Loan Officer II	2	0	0	0	2
Loan Servicing Officer	1	0	0	0	1
Loan Servicing Technician II	3	0	0	0	3
Microcomputer/Network Spec	1	0	0	0	1
Operations Manager	1	0	0	0	1
PCE Program Administrator	1	0	0	0	1
Procurement Manager	2	0	0	0	2
Project Assistant	3	0	0	0	3
Project Development Manager	1	0	0	0	1
Project Manager	6	0	0	0	6
Project Manager I	1	0	0	0	1
Project Manager II	2	0	0	0	2
Receptionist	1	0	0	0	1
Rural Development Manager	1	0	0	0	1
Rural Elect Utility Worker	3	0	0	0	3
Rural Energy Programs Manager	1	0	0	0	1
Technical Engineer	1	0	0	0	1
Technical Engineer II	2	0	0	1	3
Totals	64	0	0	1	65